

[Are You Falling For This Marketing Trick?](#)

[0:00:12] ST: Welcome Nation to the Financial Rock Star Show, I'm your host Scott Alan Turner, ready to help you get out of debt, save on money and retire early. In the studio with me is producer Katie who has ridden a camel in Cairo, as have I. On the show today we'll be answering your questions about money, business and life. If you have a question you'd like answered on the show, visit [Goaskscott.com](#).

Last time on the show, I asked you how much money is your 401(k) costing you, do you know? You might want to find out, please listen to that episode and learn why. Now I read a lot of news sites, keep up with the latest goings on in the money world, I have to stay informed so that I can keep you informed. More and more I see ads and web pages created to look like legitimate news articles.

If you surf the web, you probably have too but these articles are nothing more than advertisements trying to get you to part with your money. How do you know if they're legit? They aren't limited to financial websites either, you'll find them on USA today, ESPN, and Huffington Post. Everywhere you look are these clever ads written by clever marketers to try to get you to click through? Listen to some of these titles.

"The home refinancing plan, banks don't want you knowing." "One dirty little secret to eliminate 15 years of mortgage payments." "Your 401(k) isn't growing as fast as it should, here's why." "Jim Kramer urges home owners to do this mortgage payoff tip and the secret to ending your debt." Once you do click through, start digging around, find the fine print to my site or hopefully you'll find it, usually sound something like this.

"This is an editorial and not an actual news article blog or consumer protection update." Or this other one I found, "This site, and article is not endorsed nor affiliated in any way with Jim Kramer, CNBC or Mad Money." What you read on the Internet are more times than not just opinion pieces or clever marketing articles and trying to get you to part with your money or they may even be services endorsed by a celebrity or well-known financial guru who is getting paid big bucks to endorse the product.

Now there's nothing wrong with getting paid to endorse a product or services. That doesn't mean it's the best product or service available though. You need to do your research and make sure you're not getting scammed or paying too much for an overpriced or inferior product. Remember, don't believe anything any expert tells you about personal finance including me without doing your research. Get educated, make an informed decision, that's how you save more money and that's how you make the wise choice.

Now, on to your questions. Number one question writer-inner, Rafael says.

[0:03:18.5] R: "I live in New York City, 80% of the real estate here are coops, what are your thoughts in buying foreclosed coops in cash and in general, is it a good idea or bad?"

[0:03:28.1] ST: Now, foreclosures are a great way to build wealth if you know you're getting a good deal. The money is made on buying the property so you just have to do your research to make sure it's a good deal. The unit may have been sitting empty for months before it's sold with a condo or a coop that's not as big of a deal as with a house that might be sitting empty for months and months.

In our neighborhood we have a lot of foundation issues. If you don't water your lawn then the summer months, the foundation can go to toast. Houses might have leaky roofs too, that's not going to be a case with a condo or a coop unless of course it's on the top floor and the roof leaks. Most coops and foreclosures, they are sold as is, you may be signing up for expensive repairs or replacements. However, that's true with any foreclosure.

Another issue is are the tenants still living there. They can be a long and a tedious process that may require getting local law enforcement involved to kick out the existing tenants. I almost want to call them bums, but we won't. It can take months to get

rid of them. Some of them are bums, I mean they tear up the place before they get out of there, let's be honest, not everybody, there's some bad circumstances out there.

Some of it is spray painting the walls and taking sledge hammers, ripping out the sinks, they're bums. There's plenty of horror stories of tenants that trash the place before leaving and it can cause tens of thousands of dollars in damages that require you to repair them. It's best if the tenants, they are gone.

Coops have boards and the board is going to have to approve your purchase. There is good boards and what some people will describe as evil boards from hell. They both serve the same purpose trying to preserve the value of the building. Boards want to make sure buyers have the funds to pay the monthly maintenance fees, they're not going to skip out on payments and they want to make sure the place isn't trashed.

Now your other option would be a condo. Condos in New York City generally cost more than the equivalent apartment by some estimates from when I was researching, 40% or more. One reason, the condo market is smaller and condos are generally newer than the coops that are created back in the 70's and 80's.

So, is it a good idea to check out foreclosures? Absolutely, there are deals to be had. If it's your first time doing it, I would work closely with a real estate agent and a real estate attorney that have experience with buying coop foreclosures in dealing with those boards. Your team is going to make your experience much better and help you get over the hurdles. Thanks Rafael for the question.

Kirsten's son is heading off to college. She asks if she should cosign on a credit card for him in case he needs it in case of an emergency? So what I'm hearing is you want a security blanket for your son. Now, the starter security blanket for anyone should be some cash that you have on hand, thousand dollars in your emergency fund or \$2,000, something that's comfortable for you. You've got that and then you've got the emergency covered right?

Now, he needs to fund that himself and get to work saving up that cash. Then get him a debit card for emergencies. Debit cards, they work everywhere a credit card is accepted and you cannot overspend with a debit card. No ordering pizzas every night of the week while you're studying or not studying, whatever the case is. Because there's no cash to do so. Tell him, you're going to be monitoring that account so he doesn't buy something stupid like I used to want to do.

My dad would occasionally sneak a peek at my check book when I was home during vacations or during the summer time. Dad kept me from buying stupid stuff. I wanted to buy, man, I had it all mapped out. This awesome Alpine Amplifier is going to cost this much for my car and these 10 inch subwoofers are going to cost this car and then he come in like, "What are these here that you've got written down?" "Those are my dreams dad," I guess I'm not going to buy them right now.

And eventually I did, as soon as I got out of college and was on my own and that was a bad idea. Because signing a credit card, any late payment could also affect your credit score. College students should not get credit cards because so many end up with the 1-2 punch of tens of thousands dollars of student loans and credit card debt on top of that. When they learn to spend real money, they will learn to handle it better. Thanks for the question Kirsten.

If you have a money related question you would like answered please visit goaskscott.com to get in touch with me, that website has my email address, twitter and you can also leave me a voice mail. Please contact me, I am here to help you.

[BREAK]

[0:08:31.4] ST: Time for another travel tip. A week or two before you need your car, your rental car, you want to shop around again and check the rental car rates to see if they've come down. You can always rebook if there's a lower price at the same or even a different rental car company, this is going to save you some money.

When you book a car, you're not booking a nonrefundable reservation unless you use a service like hot wire or price line. If you don't use those, you can cancel them in advance, usually 24, 48 hours. Or if you're signed up for another preferred plans, be a little bit more flexible because you're a good customer. Just make sure you check the cancellation policy.

You also make sure you check the loyalty programs with the car rental agencies that use the most. It's not any type of credit card, anything is going to ding your credit score, these loyalty programs. I use Avis a lot when we travel, I'm a preferred member, that saves me time when I'm picking up my car, they don't drop me off the office, they drop me right off at my car.

Or in some airports they have the boards up now. You just walk through, you don't talk to anybody, your name is up on the board and say, "Hey, your car is in B23," you just go to it. I save a lot of time and sometimes you can get free upgrades to bigger cars as a preferred member. Also a perk. Join those membership programs for those rental agencies you use the most. They're free, they don't count against your credit, nice services, easy thing to do to save money.

Now, back to your questions. Patty left me a memo, voice mail on speak pipe, let's have a listen.

[0:10:10.9] P: "Hey Scott, its Patty. I have a lot of credit card debt and I'm wondering if everything I earn should go directly to pay down that debt. It seems weird to put it in to some kind of savings or an emergency fund when I have so much debt to pay down. What do you think? Thanks."

[0:10:32.5] ST: Credit cards always carry a high interest rate. Even if you have a zero percent introductory rate, that rate's going to shoot up to 18-22% at some point or more. Online savings account right now earns you a whopping 1% in the stock market average is 10% over time. Now, we need to know those percentages because that makes paying off credit cards one of the best decisions you can make because you eliminate those high interest payments.

Given the choice of earning 1% on your money or 18% on your money, we would all choose 18% and that's what paying down the credit cards gives you, 18% or more return on your money, that's huge, you can't get any investments like that. Here is how the system works if you want to pay down those debts. It works because it's simple and it's focused and it will get you out of debt the fastest and get you that 18% return the fastest.

First, you just want to set aside a little bit of cash in case your transmission or hot water heater blows up. Thousand dollars is usually recommended. If you don't have a thousand dollars right now, you sell stuff. You want that cash in case of an emergency because we're not going to use the credit cards to fall back on. You cut them up. Freeze them in a block of ice. You can't get out of debt by taking on more debt.

What happens when people continue to carry their credit cards while they're trying to get out of debt, "Well, we've had a bad day, I'm heading home from work, pizza hut is looking good because it's going to make me feel better." Well, pizza hut is not an emergency, it's not. By ditching the credit cards you move to the cash budget, you'll get out of debt 10 times faster because spending cash hurts and we naturally spend less than if we're whipping out plastic. Study after study has proved this.

Then with all your energy, your extra money and your focus, you just pay down debt, and you pay down debt until it's gone, forever. You don't fund the kid's college, your big three to six month emergency fund, your new car fund, your vacation fund. You're saving up for a house fund. You may even entertain stop contributing to your retirement fund. Even though it's hard, just skip it out on the free money your employer might be giving you. That's a decision you're going to have to make for yourself.

But that company match, it's not going to get you that 18% return that paying down debt does. When you throw every spare dime at your debts, you have that laser focus required to pay it off in the fastest possible timeframe. And by paying it off in the fastest possible time you save the most amount of money in wasted interest payments. Most people that can be thousands of dollars in savings. Keep it simple, pay off one debt at a time while paying the minimums on the others.

When one debt is gone, move on to the next one. Take the money you're paying towards the first one, glide towards the second and just keep going on and on. I've got an example on the website with some math showing how that works step by step process. You follow that, get you out of debt the fastest. If you do one thing at a time, you will get there 10 times faster than trying to do 10 things at once. Focus and commitment will get you exactly where you want to be debt free. Thanks Patty for the question.

Len asks:

[0:14:04.2] L: "What can I do if I don't qualify for a regular credit card to build credit?"

[0:14:06.2] ST: No worries Len, you can get what's called a secured credit card. Secured credit cards work like this, you put a deposit down of a specific amount, let's say 100, 300, 500 bucks with a secured credit card company. Then the company will set your credit limit based on the amount of money you have on deposit.

You can only charge up to that amount. Now that let's you build a credit history, a secured card is not a debit card. You'll get billed every month and you'll have to pay those bills on time but that's how you build your credit history. If you don't pay your bills, you get hit with huge penalties just like you would with a regular credit card. So pay the bills on time.

Now, where can you get a secured credit card? Try a credit union for the best ones. Credit unions, they are owned by the customers, that's how you know you're getting a good product with the best terms. They'll have reasonable annual fees, hopefully no application fee. When you handle a secured credit card responsibly, you may be eligible to apply for a regular Visa or Master credit card later on. Look for secured credit cards that will let you upgrade after 12 to 18 months of prompt payments. Thanks for the question Len.

[0:15:24.4] ST: Okay, quick break, back in 30 seconds and I'll be answering more of your questions. Your listening to Scott Alan Turner.

[BREAK]

[0:15:32] ST: Hey Rock Star Nation. Scott Alan Turner here. Who else would it be right? Now, for those of you that are my long time listeners, you know I'm not one of those guys in the radio who promotes every product that shows up on their desk, you're never going to hear me trying to get you to buy an expensive name brand memory foam mattress because the No Form from Costco is best.

Or recommending you to buy New York style pizza when Chicago style is clearly the best — Lou Malnati's. No, I have a name to uphold to you my rock star listeners but if I were to recommend something to you, I would tell you about the Dancing Pony Steakhouse.

I can't get enough of that flowering onion appetizer and what about that honey wheat bread, it is so delicious. Forget paleo, and that chocolate volcano for dessert is to die for. Steaks are okay too. Next time you're hungry and looking for a place to celebrate, visit the Dancing Pony, it's not only a great place to eat. Each location has a tiny and above, if you get stuffed you want to spend the time. Give them a ring, tell them Scott Alan Turner sent you.

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[0:16:35.5] ST: Welcome back nation. Mary writes:

[0:16:37.7] M: "We are actually retired already but didn't plan very well. We do okay but have to live very modestly and I want to learn how we can use our money in the most wise way we can. I am also looking for some ways I can earn a little money but am not very computer savvy."

[0:16:52] ST: If you're in retirement already or if you're someone who is planning on retiring early, it's important to stay active. To stay engaged in life, not only will it keep your body and mind healthier, it will give you a purpose for getting out of bed each day. For me, there are too many things out there I want to see and do. I love staying busy and that's one reason I chose to do this show, to stay busy.

If you're not computer savvy, if you're not a programmer, if you don't know how to make little dancing bears on the computer — I'm not sure how dancing bears would make you money but you get the idea — there are many options to earn extra money in your spare time. Some of them are babysitting, that is great for retired people, especially the ladies. I am partial to hiring babysitters that have kids and know the ropes already. Someone who has got grand kids, they generally do a good job babysitting the twins.

Cooking, people love eating out, you could sell a healthier low priced option that people could eat at their home, you can become your own personal chef. House cleaning, another thing, plenty of opportunities to clean houses, doesn't matter how big or how small a town is you live in, there are people that need their houses cleaned, especially older people. Might not be able to do that activity themselves.

When I was young in high school, there was an older gentleman who lived a couple of miles away from my house, he couldn't mow his lawn anymore, so he paid me to mow his lawn. Ride my bike up there, mow the lawn, make \$10 bucks, come back home. House cleaning, also excellent exercise, so is mowing lawns.

Uber and Lyft, newer car driving services, you want to be your own taxi driver, something else, pet sitter, a lot of people have pets, a lot of people travel, they're out of town, pet sitters are a great alternative to kennels. Usually less expensive too. You can be crafty and build things, lots of things can be made by hand and sold over the Internet and online stores like Etsy. Even if you're not computer savvy, Etsy's pretty simple to setup. Sell them at local craft shows, Craigslist, Facebook community groups.

You can teach or be a tutor, everybody's an expert at something, you can put your skills to use tutoring kids on any subject. If you know your stuff you could teach an entire group of adults, you get 20 people in a room, charge them \$30 bucks each for two hour class, you just made 600 bucks in an evening. Not too shabby. Those are a few things and you can come up with infinite number of ways to make money depending on where you live and what the needs are of those around you. There are a lot of people that need help, various aspects of their lives and they're willing to pay for it. Thanks Mary for the question.

Crystal writes:

[0:19:39.7] C: "I used to have a lot of credit cards, I had over \$25,000 in debt, spread out over seven of them. After I paid the last one off in 2014, I've been avoiding them, I closed the last card this past June because I hadn't been using it and just the thought of using stressed me out. I'm single, I already have a mortgage on a condo I love so I still have a credit score. Is it okay for me to not have a credit card? Can I really survive in life in the long run without one?"

[0:20:08.3] ST: Well first, congratulations on paying off the debt Crystal. When that happens, you feel like a completely different person. My mom managed to make it until about 65 or 70 before she got her first credit card. I think the marketers, they finally got to her because she decided she needed one. She hardly ever uses it and always pays it off. She doesn't even need it.

Do you need a credit card to survive? No, absolutely not. You do not need a credit card to get by in this life. My mom is proof of that. I don't even know if she had a credit score before that because they never owned a home. I'm not sure if her name was on the car title for that matter. Interesting. I'll have to check on that.

You have an advantage, you already have a credit history. As you continue to pay your mortgage, your on time payments are going to show up on your report, continue to build up a better and better score. When you move someday and you need to get a mortgage, the lender is going to see you've made your previous home payments, you're going to be in good shape there too.

As long as you have your mortgage, you're going to have a credit score even when you pay your mortgage off, you're going to have a credit history. Now, sometimes they talk about how your credit history, not your score. That's used by insurance companies to determine your insurance rates. Someday, maybe 20 or 30 years now or whenever you pay off your mortgage, depends on your situation. That might crop up but I wouldn't worry about it. You have a credit history, you're going to be in fine shape.

Worst case scenario when your mortgage is gone, you open a credit card, throw it in a drawer and you never use it. It just shows that you have an account open. It is silly how this works and you have to take on debt to show you can pay back debt. It's silly. You can get by with just debit cards, there's a precautions you want to take with those. If your debit card number gets stolen, that money is coming out of your checking account immediately.

You may not notice over a couple of days and when you do, you need to get the bank to put the money back. I wouldn't keep a lot of money in my checking account for that reason. And since savings accounts are linked to checking accounts, usually at the same bank, I would keep my savings somewhere else like an online savings bank.

Don't use debit cards at restaurants. Pay with cash, there's a lot of turnover at restaurants, one place where card numbers get stolen frequently. When you're using ATM's, avoid the stand alone ones like at the Quickie Mart. You want to use ATM's at bank locations where the possibility of they have this debit card skimmers that thieves put in ATM cards that read your numbers in your pin as you enter them. You don't know it but you'll find out later. They capture your number and your pin and that's how they get into your accounts.

Again, don't let that scare you, not having a credit card is a great way to live. Half the population has credit card debt so cutting up the credit cards and getting rid of them like you did is the first step in getting out of debt. Once you're out of debt, there is no reason to go back to using them if you think there is an even tiny chance of falling back into debt. Most people don't make a conscious decision to get in to debt, they don't. Sticking the cash budget using debit cards is one sure fire way to stay free. Thanks for the question.

[BREAK]

[0:23:44.0] ST: On our anniversary recently, we went to Rio Bravo for Tex Mex. Some of you are thinking, Tex Mex? That sounds pretty good. Not when you're in the land of the great steak houses as we are but we weren't near a great steak house and it was either Rio Bravo or something like Chick Fillet. Chicken and a biscuit for anniversary.

We had lived out of our lake house in the country for five months, there were not many opportunities to eat out, there were actually none. Part of that because it was an hour drive each way to get to the nearest restaurant and the other part of that was the restaurant choices sucked. Nobody wanted to drive two hours round trip for chicken and a biscuit.

The entertainment budget overfloweth during that time. There was plenty of extra because we weren't going out to eat. The grocery trips were four hours round trip. So we'd make a detailed list of what to buy before we get because there's no running back to the store like when we were living in the city when I can take three minutes to get to Walmart.

So through this unplanned circumstances, we were able to save more due to a lot of meal planning and that's what a spending plan can get you. If your circumstances are, you're broke or you have no savings, the plan gets you away from that. Forget about perfection, just strive for excellence and coming out ahead. Those are the words.

Hey, can you do me a favor please? Take 30 seconds right now and text three of your friends the link Getfr.com and tell them to check out the show, I really appreciate you listening and would love it if you can help me spread the word. Super simple, text getfr.com and tell them how awesome my cats are any advice is okay too.

Next time on the show, a couple who are on track or retire by age 30. How are they doing it? Tune in and find out. That's it for this episode, I'm your host Scott Alan Turner, Rock Star Katie is my producer. All the links mentioned in the show are

available in the show notes on Scottalanturner.com. Today's episode was powered by Ben and Jerry's Ice Cream. Thank you so much for listening, I appreciate you and tuning in. You guys are awesome.

[0:26:05.8] ANNOUNCER: Okay Nation. For your free copy of the guide, "How to save \$1,000 in one week", simply subscribe to the podcast right now on iTunes and text the word saving to the number 3344 to prove that you did it. Subscribe now to get out of debt, save more money and retire early. See you next time.

[END]